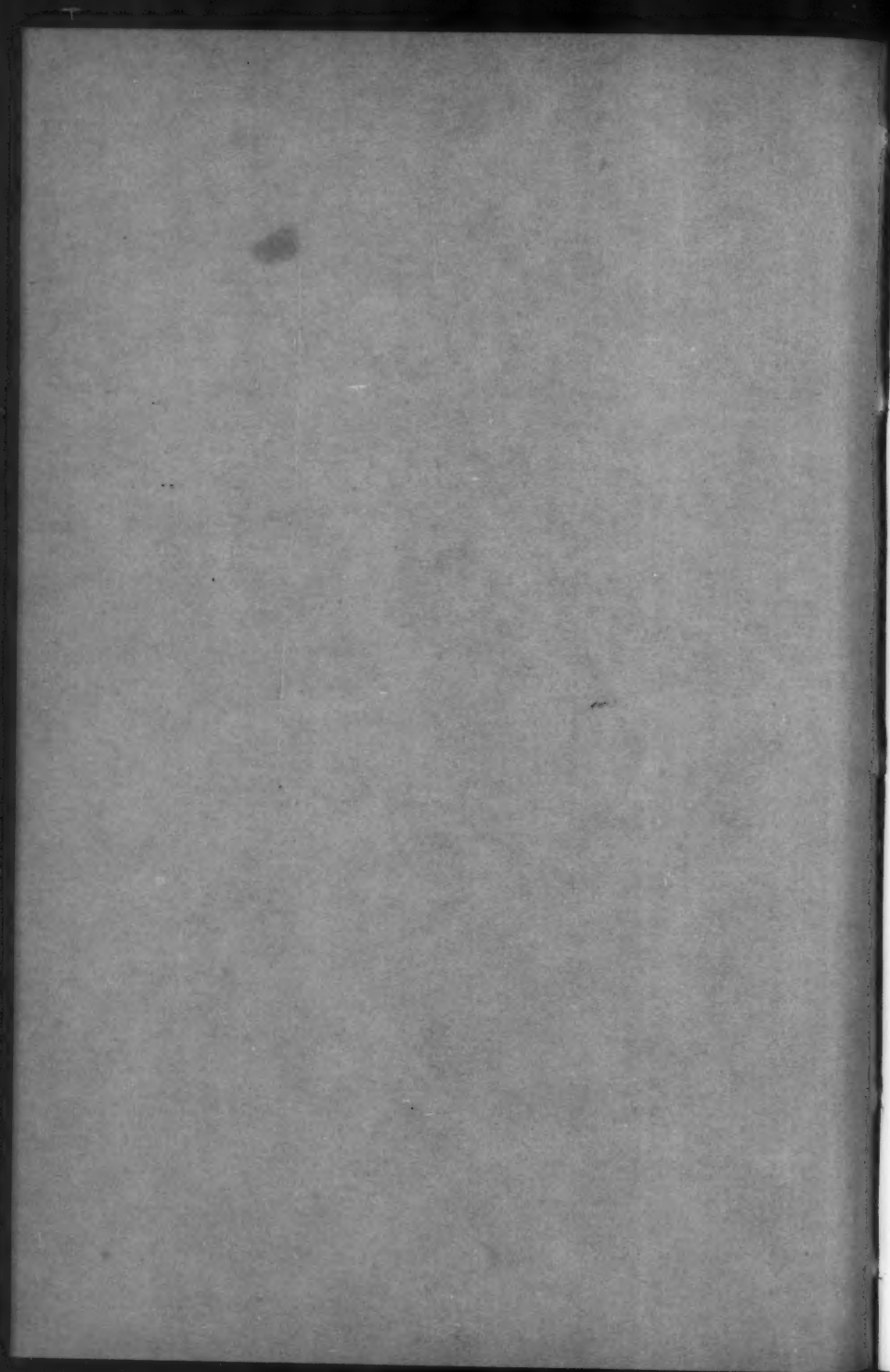

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"I am sure I have always thought of Christmas time, apart from the veneration due to its sacred name and origin, as a good time; a kind, forgiving, charitable, pleasant time, the only time I know of in the long calendar of the year when men and women seem by one consent to open their shut-up hearts freely.

"And therefore, Uncle, though it has never put a scrap of gold or silver in my pocket, I believe that it has done me good; and I say, God Bless It!"

A Christmas Carol
— Charles Dickens

The Iron Industry in Earlier Days

By A. P. CALDWELL, JR.

(New York Office)

In the present day when the iron and steel industry is centered to so great an extent in the States of Ohio and Pennsylvania, it seems but natural to assume that such a condition has always existed. It is realized by relatively few that the gigantic modern plants with their efficient processes had their beginnings in the comparatively small but none the less important iron works of Troy, New York—the pioneer city of this country in the great development of the iron and steel industry.

The blowing of the first steel in the United States under the Bessemer acid process was done at the steel mills in Troy and in that city were produced at the plant of the Burden Iron Works the first horseshoes, the first ship spikes and the first hook-headed spikes ever manufactured by machinery anywhere in the world. It was also in the mills of Troy that the plates and all the iron work for the famous *Monitor*, the craft which changed the type of fighting ship throughout the world, were made. Here only could be found rolls large enough to turn out plates able to withstand the fire of the *Merrimac*. Here, too, were located the nail works where for the first time in this country nails were manufactured by machinery, thus supplanting the old, slow and expensive process of rolling iron into strips of suitable thickness, splitting them to the approximate width of the nail and finishing them by hand.

At the forefront of this rapid development stood Henry Burden, founder of the Burden Iron Works. He was a man of very strong personality and his power was recognized by everyone who came in contact with him. He was a born leader and won

the most enthusiastic support from his men, who worked alongside of him and recognized him as a master mechanic of the highest order. He was a native of Scotland and received his education at Edinburgh University, supplementing it immediately with practical engineering work which turned out to be the foundation for his life work. His determination to practice engineering he made known to W. H. Preston, then United States Minister to England, whom he chanced to meet in London and who gave him an account of the opportunities for such work in America. Preston was much impressed with the young man's personality and gave him letters of introduction to influential friends.

So in 1819 Burden came to this country bearing commendatory letters to Senator Benton and Calhoun and the Hon. Stephen Van Rensselaer. When he landed at New York he found that Patroon Van Rensselaer of Albany was the most easily reached and he therefore journeyed to that city and presented his letter. For the next few years he lived in Albany, engaging in the manufacture of agricultural implements, among which were a plow of his own design and the first cultivator used in this country.

In the year 1822 Henry Burden moved to Troy and began what was to be his real life work, the building up of what became the Burden Iron Works. It was about this time that a large number of Englishmen, Scotchmen and Welshmen were coming to America to settle. Most of them were mechanics and iron workers, the Scotch being rated as the best mechanics and the English and Welsh the best rollers and heaters. From among those men Burden selected the best to

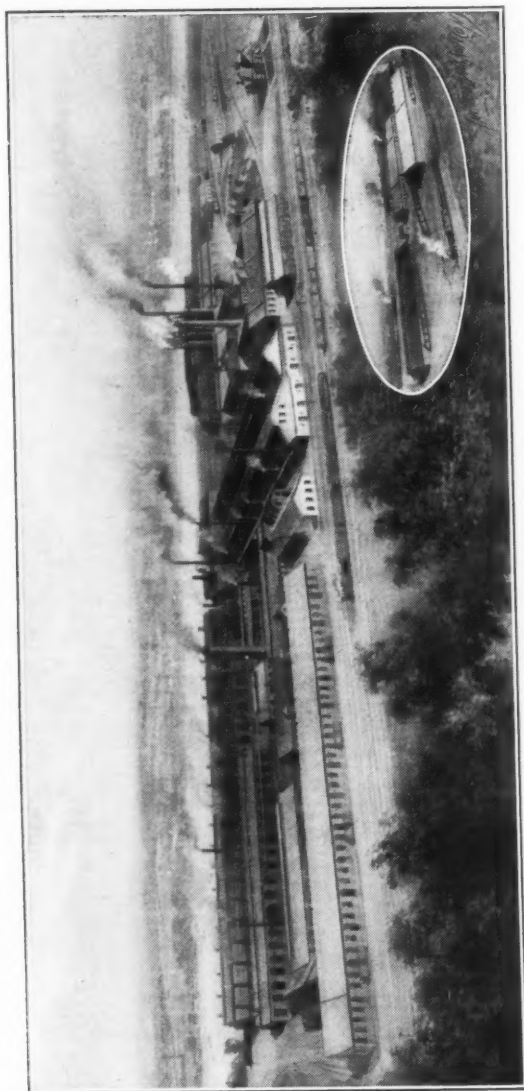
work with him in the upbuilding of his business.

The first task that arose was the one of managing the Troy Iron and Nail factory. The mills were small and the machinery inadequate. Nails were made then, but as the machinery was very imperfect the result was far from satisfactory. Burden immediately tackled the problem and under his supervision the machines were soon brought to a satisfactory standard and gave excellent results. At the same time he was working on a machine that would manufacture ship spikes. This he perfected in 1825 and shortly afterwards adapted it to the manufacture of countersunk spikes for flat nails then in use upon the various railways of the country. At that period the impression was general that the machine-made nails and spikes were not to be compared with the hand-made variety, and this prejudice the inventor had to combat. But Burden was endowed not only with inventive genius but with the courage and determination which brought him successfully through this situation and many others he was to face later on. Not the least of these was his long fight in the courts to protect his patent for making spikes. Before the case was finally settled it became one of the best known in patent law and engaged the services of such men as William H. Seward, Nicholas Hill, Chancellor Walworth and David L. Seymour.

The business of steamboat building early attracted Henry Burden's attention. He wanted to build a vessel which, with less draught of water than the boats then on the Hudson, should attain greater speed. The steamboat *Helen*, launched in 1833, was the result. The deck of the craft rested upon two cigar-shaped hulls 300 feet long, while amidships was a paddle-wheel 30 feet in diameter. The trial trip was made on December 4, 1833, and in the following July in a

speed test the boat made 18 miles an hour. Shortly after this she was wrecked by being run on the Castle-ton dam and further experiments were not undertaken until a new boat took the water in 1837. This ship embodied a number of ideas and devices, on all of which the inventor secured patents. So far as known, Burden was the first to advocate the design of ships of considerable length for navigation instead of the short broad boats in use in those days, and was likewise the first to suggest the use of plates for sea-going vessels.

In 1846 he launched the preliminaries of a plan to form a transatlantic steam-ferry company. It was to be known as "Burden's Atlantic Steam-ferry Company." A prospectus which was published in Glasgow, Scotland, in 1846, includes the following paragraph: "The company proposes to carry out the suggestions of our countryman, Henry Burden of Troy, U. S., to whose skill and foresight the present speed of the Hudson River navigation is mainly owing, he having laid before the Troy Steamboat Association so early as 1825, and then strongly urged the adoption of, the identical proportions which now have been successfully carried out in the steamer *Hendrick Hudson*, and to establish boats of power, dimensions and strength sufficient to make the passage from Liverpool to New York in eight days certain, so adapted for their purpose, in fact, as, *auspice Deo*, to defy the wind and the waves. The first vessel will be about 500 feet long. There are millions on each side of the proposed ferry (for ferry it will ere long become), and in this point of view the traffic will be illimitable. From New York to Liverpool is clearly the line of communication, and a glance of the maps shows the innumerable feeders to the one grand trunk. Boats of the dimensions proposed would carry from four to five hundred passengers with in-



PLANT OF THE BURDEN IRON COMPANY
at Troy, New York.

The inset shows the plant of an earlier day.

finitely greater comfort than the vessels hitherto established." Although the company was never organized, the idea advanced by Burden was but another instance of his foresight and vision.

At the same time he was turning over in his mind his plans for new ship designs, Burden was busily engaged in developing a machine for the manufacture of horseshoes. After overcoming many obstacles and meeting with much discouragement, the device was perfected in 1834 and a patent granted in the following year. Numerous improvements were made as the machine proved its worth, so that by 1857 it was capable of receiving the heated bar, cutting, binding and forging it into a perfect horseshoe. But a short time was to elapse before the machine was to prove its value in a way which its inventor probably little thought of. That was the supplying of thousands of horseshoes to the Union forces in the Civil War. At the time that hostilities broke out, the Confederates were in possession of the Government supply depots in the South but they soon found that their cavalry mounts and supply trains would require more shoes than its depots and their own limited manufacturing resources made available. Accordingly the Southern armies decided to erect a horseshoe plant and to this end arranged to send an agent to Troy with instructions to get plans of the Burden machine, return and build a plant. Due to the activities of the Northern armies at about that time, the scheme fell through.

In the same year in which the patent on the horseshoe machine was granted, Burden visited England where he learned that it was probable that the flat rails then in use on the railroads would be superseded by the "T" and "H" rails then being introduced. So, when he returned to Troy, he started to work on a machine

which would turn out hook-headed spikes suitable for locking the new rails together. The contrivance was thoroughly practical and enabled him to supply to the Long Island Railroad in 1836, ten tons of its spikes.

With the expansion of the Burden works the power requirements increased and as a consequence the inventor designed and built an immense water wheel which derived its power from the Wynantskill. It was the largest in the world and for years attracted a great deal of attention. The giant, which took the place of five separate wheels and developed 1,200 horse-power, was sixty feet in diameter, twenty-two feet in width and had thirty-six buckets of very large size. It was mounted on six hollow cast-iron tubs, keyed into flanges from which radiated 264 two-inch rods terminating in the circumference of the wheel. Ferris, the designer of the famous wheel which bears his name, came to Troy, inspected Burden's new engineering achievement, and later on built the large passenger wheel in Paris.

There was still one more power problem for the iron works founder to solve and that was how to obtain a steady and adequate flow of water in the Wynantskill. He found a satisfactory solution in the construction of a storage reservoir, now known as Burden's Lake, from which it was possible so to regulate the flow that the big wheel always had sufficient water.

Any article dealing with the development of the business founded by Henry Burden would be incomplete if no mention were made of another of this brilliant inventor's contributions to the industry. This was his rotary concentric squeezer. Before the introduction of this device, the puddled ball of iron had to be shingled, that is, removed from the puddling furnace and molded under a heavy hammer before it was ready for the rolls. Burden, however, conceived a more

efficient way of handling the iron at this stage for he constructed a mechanism consisting principally of revolving cylinders with concave surfaces which "squeezed" the ball of iron and passed it out in shape to go to the puddle rolls. This simple method revolutionized the manner of handling the metal after leaving the puddling furnace and found favor in all the big mills, both in this country and abroad. The patent was granted in 1840, the Commissioner of Patents pronouncing the device the first truly organized and the most important invention in the manufacture of iron which had ever been brought to the United States Patent Office.

In connection with the Burden squeezer, the following extract from a speech delivered by John Fritz at the centennial celebration of the Lukins Iron & Steel Company at Coatsville, Pennsylvania, July 4, 1910, is of interest. "At this time the manufacturers' troubles began. The demand for puddlers soon exceeded the supply and they thought it might be well for them to have things their own way. Hence the troubles commenced and bitter they were. At that time the Welsh hammer was the only thing to use to put the puddled ball in shape for the rolls. Then the croco-

dile squeezer came into use; next the Winslow squeezer; all of them were incapable of doing the work properly and in quantity. Next and last came the Burden squeezer, the introduction of which caused the bitterest strike I ever witnessed. As I, at this time, recollect, there was but one Burden squeezer put in that did not cause a strike. This was at Cambria. And there was a little strategy practiced which, at that time, was highly commendable. After a time the puddlers became reconciled to the use of the squeezer, and it came into general use, and is today as nearly a perfect machine for the purpose intended as has been devised. It is simple in its construction, does its work in a perfect manner and establishes justice between ironmaster and workman, from which there is no appeal, and in the end it became the puddlers' friend."

It was not until 1848 that Henry Burden acquired absolute control of the company. Since that time each succeeding generation of Burdens has added to the plant and many improvements have been made to the inventions of the first ironmaster until today the mills on "the flats" turn out annually thousands of tons of the finest iron in the world.

What is a Profession?

Dr. A. N. Brubacker, President of the State College of Teachers at Albany, in an article in the *Atlantic Monthly* states that "A profession may be distinguished from a trade, vocation, occupation or business by the following well marked characteristics:

"1. A profession presupposes a body of scientific and technical knowledge and corresponding schools in practice.

"2. This knowledge and skill can be acquired only by extended study and careful

practice by persons who have the necessary native endowment.

"3. The welfare of the community, state and nation depends on services which can be rendered only by those who have this knowledge and skill, and

"4. The practitioners or members of the profession by virtue of their special qualifications and by virtue of the public service rendered by them, incur definite moral obligations to each other and to the community. These obligations are the basis of professional ethics."

An Open Letter*

NEW YORK, December 12th, 1922.

To the Members of the Staff:

Your professional training and experience have shown you how advantageous it is in every large organization to departmentalize the business along proper lines, and then to secure the active support and hearty cooperation of all concerned, so that each department may function properly, and the business as a whole be carried on smoothly and successfully.

We have a number of departments in our business—the report department, comparing room, file room, time keeping, assignments, accounting, etc. Practically every man on the staff, either occasionally or constantly, is in contact with some or all of these departments. Just one minute's thought will show you how necessary it is for every staff man, and for the partners too, to continue to cooperate in every possible way with these departments if we want the work of the office to flow smoothly—and we look to all those employed in these departments to reciprocate.

The continually varying volume of work in an accounting profession, coupled with the necessity of frequently taking on unexpected and "rush" jobs, makes it exceedingly difficult to lay out and provide for a complete production schedule. We are trying to do this now by preparing what we call a "case" budget, which will show for some months in advance the work we have engaged to do and

the men who will be available for such work. Even so, it is impossible to determine exactly when each piece of work can be started and the time required to complete it. It is therefore essential that each member of the staff, particularly the supervising accountants and those in direct charge of the assignments, keep the office informed regarding the progress of the work and give ample advance notice of the release of assistants, so that they may be assigned elsewhere. If conditions arise which make it necessary to change the estimate previously furnished regarding the completion of the work, etc., the office should be notified immediately so that the required changes in future assignments may be made. In order that the report department may plan its work, it is also very desirable that the office should be informed as to the date when reports will be ready for review and for submission to the report department. If it happens that the partner in charge is unable to review the report at once, that will be "up" to him, but the member of the staff will have done his duty.

It will also help to simplify the work of the office if all time reports and other reports are submitted promptly. This seems like a very small matter but failure to observe this procedure on the part of a number of men adds quite a lot to the work and worry of those who are in charge of the departments.

In order to get the best results, some one person must be available to whom reference may be made and whose business it will be to see that everything is functioning properly. Mr. Dumbrille, as you know, has devoted a great deal of time to this work, but it is quite impossible for him, without the sacrifice of more im-

*Mr. Stuart C. Ross, who has been a member of the staff at our New York office for almost nine years, has been appointed assistant to Mr. Dumbrille. Upon the occasion of this appointment, Mr. Lybrand wrote the above letter, of which a copy was sent to each member of the New York staff. The letter is reproduced in our JOURNAL because much of it has a much wider application than merely to our New York office.

portant duties, to give it the attention it demands. We have, therefore, decided to appoint Mr. S. C. Ross as Mr. Dumbille's assistant, and I want to ask each of you to help him in his work in every way that you possibly can. This arrangement is intended to be for the benefit of all, because it stands to reason that better work can be done, every one can get away more

promptly and everybody will be happier if all the business of the office is pushed through promptly and systematically. I look to each of you to do his or her part in making our office the best working organization in the country, and the organization that does the best work for its clients.

Sincerely yours,

WILLIAM M. LYBRAND.

John Wanamaker, Merchant

An Analysis of His Success as Seen by One Who Has Been His Intimate Business Associate for Twenty-five Years.

By JOSEPH HERBERT APPEL*

1. He was himself—John Wanamaker. He copied no man. He studied other men, other systems; other practices, other businesses, he adopted and adapted, but in whatever he did, whatever he wrote, whatever he said, whatever he thought, was the personality, the individuality, the originality of John Wanamaker.

2. He dreamed dreams. From the time as a boy when the jeweler refused to let him change his mind and the merchandise in purchasing a gift for his mother, he dreamed of the kind of store he would have, and he continued to dream, ever changing and improving his store.

3. He made his dreams come true. He had vision, foresight, around-sight, seeing ahead of his day, his generation, even seeing through brick walls by seeing around them, seeing into people's homes, into people's hearts. He dreamed as no merchant ever dreamed before, but he made his dreams come true. He applied his thoughts, his ideas, his plans, his

theories, his dreams. He would talk and give his imagination the freest rein, he would rise to the stars, and then with a sudden "Well, now, let's see how we can apply this, how we can make it useful, practical, of service to the public," he would bring us all down to earth. John Wanamaker's "Well, now," in his talk, his writings and his actions was always a summons to the practical. His "Well, now," would either apply the idea or discard it, for the time being at least.

4. He was true—to himself, to his people, to the public, to manufacturers. John Wanamaker never fooled himself, nor his people, nor the public. He played fair with all with whom he had dealings. He did this for moral reasons. His whole merchandising system was based on fairness and squareness, and truth was the cornerstone. He was sincere in everything he did.

5. He believed in himself and in his business, in his people and in his public. He had faith and he lived his faith.

6. He was always on the job. From store opening to store closing he was at his desk or around the store—always on the job—even writing his

*Mr. Appel has been an important executive in the Wanamaker stores in Philadelphia and New York for twenty-three years, and was close to the late Mr. Wanamaker in his management of the business.

editorials in the train between Philadelphia and New York, in the automobile from store to home. He always carried a pad or else jotted notes on the back of an envelope. He was always getting ideas and putting them on paper for future use. He came to the store before his buyers and stayed after they had gone home, even when more than 80 years of age. No man worked harder at his job than John Wanamaker.

7. He was always fit. With the exception of some minor attacks in later life (mostly colds due to the straining of his voice in a political campaign) he was always in health, vigorous, full of energy, a man of endurance that one-half of his years would envy. He knew the value in business of keeping fit, and he kept fit.

8. He dared to do. No man in the retail field was so daring. He scared others with his big ideals, but he was never afraid himself. He plunged—and sometimes lost—more often he won. Yet it was daring, tempered with carefulness and sagaciousness, that carried him through.

9. He was free—and he made others free. Creating his own business from the beginning, he was never shackled. And he made his buyers and executives free—to find and make their way.

10. He was a merchant—and he made his people merchants. The Wanamaker system of specialization and buyership made each section a store in itself, each buyer a merchant, with no more limitations than John Wanamaker placed on himself—the limitations that business laws and common prudence dictate.

11. He had the "Third Eye." John Wanamaker's powers of observation were almost uncanny. He seemed to have eyes all over him. Nothing escaped him. He saw service and usefulness wherever he looked—in a barren field, in a pile of rubbish, in a blank wall. He saw through the wall to the beauty and utility on

the other side. This gift was undoubtedly the spiritual eye—the third eye—that only genius has.

12. He saw the good and developed it—correcting or discarding the bad. He quickly winnowed the wheat from the chaff. He was tolerant even when forbearance seemed no longer a virtue. He would labor to the end to develop a man. He was always searching for the good in others, ignoring or correcting their faults.

13. He accepted no limitations. When people were saying it can't be done he was doing it. He admitted no limitations in himself nor accepted any in others. He had unbounded confidence. He was not bound by conventions or limitations or conditions—he overcame them.

14. He thought and acted in large units—he was never narrow. His mind grasped the big things of business and of life. He was not a "detail" man. He was a big operator in the market. He planned and carried through big deals.

15. Yet he was careful of details. Not in any sense a detail man, yet he was careful in all he did, even in the way he dressed. He did a prodigious day's work, but he was much more than fairly accurate in details. He would catch others in errors much oftener than they would catch him.

16. He always did the unexpected. So much so was this true that some of his associates used to figure on the very opposite of what John Wanamaker was expected to do, and this opposite would be the best guess. He deliberately planned originality.

17. He was hospitable to the last degree. In his home, his office, his store, always was the feeling of hospitality. One seemed to breathe it in with the air. In reality it was the Wanamaker atmosphere. Freedom of shopping, courteous treatment, the at-home feeling, free concerts and entertainment, exhibits of art—all these hospitalities that the business is famed for only

reflected the hospitality of John Wanamaker, the man.

18. He was always youthful. John Wanamaker never stopped growing. He was a youth at 80. He had the visions, the ambition of a youth. He planned ahead, at an age when most men had quit active life, as though he would never die.

19. He educated himself—and kept ever at it. With little schooling, because he had to go to work when 14 years old, he educated himself as few men have been educated. He was seldom without a book in his hand. Yet he learned most from men and nature.

20. He was a good listener. With business crowding him almost beyond capacity, he would sit patiently to hear a man's story, sometimes even to the point of embarrassment. Many a man talked himself out of John Wanamaker's office while he only listened.

21. He concentrated on everything he did. With a hundred subjects to consider in a day, he would concentrate on each one as though that were the only thing in life. He would empty his mind of everything except the one thing under consideration.

22. He never forgot. Even in old age his memory continued almost infallible. He never forgot people or friends or faces. And in a larger sense he never forgot one's service or loyalty.

23. He never carried home business cares. When the day's work was done he closed up all his troubles in his office as he shut the door and forgot them until the next day. He never worried nor fretted even in the dark panics of business.

24. He never sacrificed creativeness to efficiency. His stores were often criticised as not being efficient—in the German sense of the term. But creativeness is greater than efficiency, and where efficiency interfered with true creativeness he sacrificed it. He kept himself open continually to the flow of

the creative spirit through him and he kept his people and organization open to this spirit.

25. He was always breaking records. This was perhaps the ruling passion of his life—to do better each day, to break records. This spirit is illustrated in a very human story, as related by Mr. Wanamaker about himself only three years ago. "Tell these men how we caught all those fish in one day," he said to the doctor who accompanied him on one of his fishing trips in Florida. "You mean," said the doctor, "how you caught all those fish—148 king fish, weighing 1,400 pounds." "No," said Mr. Wanamaker, "1,391 pounds." "Well, 1,391 pounds," the doctor said with a smile. But not letting the doctor proceed, Mr. Wanamaker himself told how it was done.

"It was like this," he said. "We went out in the Gulf at 9 in the morning, and the fish were biting freely. The doctor not being very well that day, lounged back in his seat and when I saw his eyes were closed I knew that his line would not take up a catch, so I took it up and handled it with my own. It was a troll line. And with two troll lines I caught the 148 fish before we came home that day. Sometimes I would catch five fish in five minutes. I pulled them all in myself, at least to the boat. I had some help in getting them on board. As the fish began to come in I said to myself, 'Now I will stay until I catch fifty. When fifty were caught the doctor said, 'Now you must stop and go home.' 'No,' I said, 'I must catch fifty-eight, the record catch I made last year.' So I kept it up until I had sixty-three.

"The doctor said, 'Well, now, you must go home, at least when you catch seventy-five.' 'All right,' I said, 'I will catch seventy-five.' When I caught seventy-five I was thinking of 100. When I caught 100 I began thinking

(Concluded on page 28)

Economic Situation of European Nations

The Annual Overseas Trade Number of the London Stock Exchange Gazette which has just been published contains a comprehensive survey of the economic situation of each of the European countries. This survey is of special interest at the present time when European economic difficulties are causing so much concern to American statesmen and business men.

Germany: It is stated that Germany "is potentially richer than Great Britain, because her physical and her human resources are far greater than those of this country. The policy of pander, of doles and subsidies, of increased wages for reduced hours of labor, has proved fatal to the national economy. The great question is whether the German people will patiently go through those hard times which are inevitable, or whether the coming crisis will lead to internal disturbances of the most serious kind."

Austria: The position in Austria is described as "similar to that in Germany. According to a recent report published by the Department of Oversea Trade, agricultural production in Austria is only half as great as before the war. Industrial output also has declined to half and less than half the prewar output. However, the Austrian workers live well, and in Austria, as in Germany, popular luxuries are sold in unprecedented quantities, and the places of popular amusement are rapidly increasing in number and are overcrowded. Hungary, also, has suffered much from the policy of pander and inflation. However, inflation in that country has been less serious than in Austria. That is shown by the position of the national currency."

Czechoslovakia, it is explained, "possesses the bulk of the natural re-

sources of prewar Austria, and she has received in addition exceedingly valuable non-Austrian districts. The country is extraordinary rich in coal and minerals of every kind. The manufacturing industries and agriculture are very highly developed. A vast quantity of the manufacturers of the country and of its coal is normally sold abroad. Czechoslovakia, also, has suffered from the almost universal evil of inflation, but the Government has endeavored to deflate.

"Jugoslavia and Bulgaria are relatively prosperous. Agriculturists are not easily carried away by Socialist agitators."

Switzerland, Belgium, Holland and the Scandinavian countries have "suffered much from the world-wide reaction which followed the post-war boom. All six countries depend very largely for their living on their foreign business. The export of manufacturers and the shipping trade have been reduced severely both in extent and in profitability. Besides, all the countries mentioned acquired enormous amounts of German marks during the war and soon after the armistice."

"France and Italy are very poor in coal. Consequently mass production is little developed, and the people pay for their imports of raw materials and other necessities with luxury exports such as wine, silk, fashions, &c. The impoverished world cannot buy foreign luxuries as freely as in the past. The number of foreign tourists has greatly diminished. The United States have introduced prohibition, and higher and ever higher tariffs are impeding the export of French and Italian luxuries. Both France and Italy are hard hit in consequence,"

but "since in France and Italy the people are hard working and thrifty, they should overcome their difficulties in course of time."

"*Spain and Portugal* depends largely on the export of food luxuries, such as wine oranges, &c., for which the demand has diminished. Besides, Spanish and Portuguese labor has been infected by the Socialist virus, and is bent upon obtaining high wages for an unduly low output."

Russia: Regarding Russia the com-

ment is that "the forces of light and of darkness are struggling for supremacy. Lenin and other leaders have recognized that Communism must be abandoned. However, it is not easy for the more moderate men to impose their views upon the country. They are opposed by zealots and men interested in maintaining the existing anarchy. Besides, the revolution has destroyed not only physical values which cannot easily be replaced, but has destroyed moral values as well."

New England Tax Conference

BY G. W. ELWELL

(Boston Office)

A novel and very interesting feature of the program of the annual convention of the New England Tax Officials' Association, which was held in Boston on November 16 and 17, 1922, consisted of statements by three of the New England states as to the sources of revenue and the relative distribution of the same as between different objects. Of the three states reporting, one has an individual income tax and an excise tax on corporations based partly on income; while one imposes a tax at a flat rate on intangibles. It was shown that in all three states substantially more than half the total revenue is still derived from land and buildings, and that in the matter of distribution more than half is devoted to education, health and public welfare, and maintenance of roads. In all three cases the proportionate part of the entire distribution which was devoted to these three objects, and the respective amounts devoted to each of the three, were remarkably alike. It was also shown in the case of each state that practically all of the increase in disbursements during the period of increasing Governmental ex-

penditure, had been for these same three purposes.

Valuation vs. Rate: Early in the session a debate took place upon the subject of the relative advantages of a high valuation and a low tax rate as against a low valuation and a high tax rate.

It was suggested that in so far as there is any advantage either way, it is on the side of low valuations, because this makes the tax rate relatively high, with the psychological effect of discouraging further expenditures. It was agreed, however, that the first problem is the equalization of assessed values.

Real Estate Valuations: The tax commissioners from Vermont and Connecticut made reports on the problem of real estate valuation, both of which showed that valuation as between different towns and cities in the same state showed wide variations as compared with sale prices, even after eliminating sales which were not representative. The valuations ran from approximately 30 to approximately 90

per cent. of sale price, and with a tendency for all valuations in a given town to approximate the same percentage as other valuations in that town. The result was a great inequality in the matter of tax-bearing as between citizens of different towns in the same state. The Commissioner from Vermont also stated that the aggregate valuations in the state had not shown any appreciable increase since the pre-war period. On the other hand, Mr. Fales, for the Commonwealth of Massachusetts, stated that real estate valuations in the Commonwealth had shown an average increase of 40 per cent., since 1918, and that this increase was uniformly maintained throughout the cities and towns.

Sales Tax: A report was made on the results of the first year's operation of the new sales tax in Connecticut (Chap. 393, Conn. Acts of 1921). This is a tax at the rate of one-fifth of one per cent. on all sales by individuals and partnerships engaged in manufacturing and mercantile pursuits. The yield was \$419,000.00, collected at an average rate of about \$17.00 per taxpayer. The percentage of administrative cost was high, and the net revenue produced was not regarded as satisfactory. The tax may be continued at an increased rate for experimental purposes. This tax being regarded as a partial offset to the corporation tax, is not imposed on corporate sales.

Inheritance Tax: Connecticut also announced that she was about to amend her inheritance tax law in order to do away with the necessity of returning all items of property in an estate, whether located in Connecticut or not. The simpler method of taxing inheritances which prevails in New Hampshire and some other states, whereby the executor needs to return only the items which are within the jurisdiction of the taxing state, has

proved by experience to make very little difference in the net amount of the tax, and under such circumstances the cost to the taxpayer of returning on the other basis, has been thought to be disproportionate and unjust.

Automobile Tax: New Hampshire described her method of taxing automobiles, by which, instead of a direct property tax imposed upon the ownership at April first, each automobile is taxed by means of a local permit, which must be received from the town clerk where the owner resides and presented to the state board of registration before a license to operate can be received. Under this form of procedure it is practically impossible for an automobile to escape taxation in New Hampshire, and the method of evasion which has proved so successful in other states, whereby the automobile is not owned on the particular taxing day of the year, is avoided.

Massachusetts Tax System: Massachusetts tax officials expressed themselves as, on the whole, very well satisfied with her present tax system, and not inclined to make any radical changes in the near future. The Richmond decision affecting the taxation of national banks will, it is felt, call for new legislation upon the method of taxing such banks, and there will probably be some revision of the laws in connection with the taxation of Massachusetts trust companies and public utilities. In connection with the corporation excise tax law, it was announced that a bill will be introduced in the next Legislature to amend the provision regarding the credit allowed a foreign corporation for dividends paid to Massachusetts residents.

This provision was intended as a compensatory feature, to offset the fact that dividends of domestic corporations are not taxable to Massachusetts inhabitants; but through a mathematical error the credit was es-

tablished at too high a rate. The result has been that the aggregate credits to foreign corporations have greatly exceeded their aggregate net income. If the proposed bill is passed, the amount of credit which a foreign corporation can take on account of dividends paid to residents of Massachusetts, will be very materially reduced.

Capital Stock Valuation: Mr. Fred Field gave a general outline of his view as to the requirement of tax laws in the valuation of the capital stock of corporations. His main points were, first, that where there is an active and sustained market for the shares, the market quotation will be the correct figure for valuation purposes; second, that where there is no such market, the value will be the exchange value, to be determined in the light of all the evidence available—but with the important qualification that the exchange value means the exchange value of the aggregate number of shares involved, upon the basis of the similar value of individual blocks, and not upon the basis of the asset value of the corporation as a whole, even where the question is the valuation of the entire capital stock for purposes of a franchise tax. The meaning of this qualification was indicated by an illustration given by Mr. Field. In the case of a corporation which has a large and constantly growing surplus, but which by custom has limited itself to an eight per cent dividend for a number of years, the market value of the shares to an individual holder would be practically determined by the dividend rate. The existence of a surplus would create an element of safety, which would constitute an additional, but a minor, factor. It would hence be improper to determine the value per share, in the case of assessment for inheritance tax purposes for example, upon the basis of capitalized earnings of the corporation. In the

case of a valuation for capital stock or franchise tax purposes, it would theoretically seem equitable to take the capitalized earnings into consideration as a basis; but in view of Mr. Field's interpretation of the decisions, since the value is legally determinable only on the basis of the value of individual blocks, that method of computation would seem to be improper even for such a purpose.

The conference disclosed unmistakable evidence of a growing realization of the impropriety and ultimate impossibility of imposing double taxation, in view of the increasing number of jurisdictions in which a given business or individual might be taxed, and the rapid increase in rates of taxation in each jurisdiction, due to the demands of war finance. This evidence was shown in the report of the National Tax Association Committee on apportionment of taxes on interstate mercantile and manufacturing business, and in the discussion thereon; and also in the lively discussion which took place on the question of the taxation of intangibles.

Taxation of Intangibles: The discussion on taxation of intangibles brought out two mutually qualifying ideas. The first was that intangibles such as stocks, bonds and mortgages in fact represent interests in, or offsets against, tangible property; that the legal technicality which gives to each the status of a separate property interest, however sound as a legal proposition, is in conflict with the economic fact that they do not represent the actual amount of property which the duplication would imply. It was predicted with more confidence than heretofore that taxation must ultimately conform to economic law, and double taxation be avoided. The second idea was that it might sometimes be necessary to impose the tax upon the intangible, even at the cost of exempting the tangible, in order to effect

a proper distribution of revenues as between different tax jurisdictions, as well as to prevent certain wealthy persons from escaping local taxation altogether. The example was cited of real estate, taxed at its full value in the state of its location, but subject to a substantial mortgage held by a resident of another state. The mortgagee might be worth any amount you please, all invested in foreign mortgages, with the mortgagors paying the tangible property tax; and unless the mortgagee could be taxed upon his intangible interest, the state of his residence would receive nothing. If it is true, as is claimed, that double taxation must soon give way for compelling economic reasons, it is apparent that substantial concessions must be granted by the several states in order to secure a uniform tax law.

National Bank Taxation: A report was made upon the new phases of the problem of national bank taxation, as disclosed by the recent decision of the United States Supreme Court in the

Richmond cases and in the case of the First National Bank of Boston, now pending before that body. It is provided by the Revised Statutes of the United States, section 5219, that the property of national banks shall not be taxed at a higher rate than other moneyed capital within the taxing jurisdiction. For many years a method of taxing these institutions has been in vogue which appeared legal while the general property tax prevailed, but which has been challenged since the advent of the income and classified taxes, and has been found invalid in the Richmond case. It is considered essential to devise a method of taxation which will be valid, lest the entire property of national banks escape taxation. This is a matter in which the farm bloc is particularly interested. It is felt that an amendment of section 5219 may be required; but an attempt will be made in the Boston bank case to secure a qualification of the apparently broad doctrine announced in the Richmond decision.

The Accountant and His Relations to Changes in Commodity Prices

By DAVID HARDIE
(New York Office)

Colonel Montgomery, in Auditing Theory and Practice, states that "of all items shown in the balance sheet, the inventory is the most difficult to verify" and, as inventories consist of commodities, It is incumbent upon the auditor to have a knowledge of commodity prices and the changes therein.

A familiarity with the current prices of the most important commodities and of the movement of prices thereof is not difficult to acquire, as a great amount of data on the subject

is constantly available, and a few minutes of study or observation daily will put the accountant in possession of a fund of information which he will find useful in the scouting of inventory valuations.

While it is true that trade journals contain information pertinent to particular industries, there is always the possibility that such trade papers will not be available when the auditor is most anxious to refer to them.

The auditor who has a knowledge of commodity prices will make a bet-

ter impression because of the more intelligent questions he will put to the client or his staff regarding the prices used in the inventory which he proposes to verify, than another auditor who has either a very superficial knowledge hurriedly acquired or no knowledge at all of price levels of various commodities.

A methodical study of the changes in commodity prices will not only enable the auditor to make a real test of the prices used in inventory valuations, but will, in due course, make it possible for him to form some opinion on the tendency of such prices.

One of the best aids, to the acqui-

sition of a useful knowledge of commodity prices, is the market page of the morning newspapers.

The following schedule taken from the *New York Tribune*, not only gives a comparison of one day's prices with that of the preceding day, but continually refreshes the memory by indicating the range of each commodity during the year 1920.

The 1920 range is given because in that year the great majority of commodity prices reached their peak, and a comparison between these high prices and the prevailing current quotations indicates the deflation which has taken place.

WHAT THINGS COST

Quotations are cash prices in primary markets

| Commodity and unit | | Previous | 1920 range | |
|--|-----------|-----------|------------|--------|
| Foods— | | Yesterday | High | Low |
| Wheat (No. 2 hard) bu..... | \$1.23 | \$1.20½ | \$3.50 | \$1.79 |
| Corn (No. 2 yellow) bu..... | .82¼ | .82½ | 2.31¾ | .94½ |
| Oats (No. 2 white) bu..... | .44½ | .44½ | 1.50 | .60 |
| Flour (spring pat.) bbl..... | 6.50 | 6.50 | 16.25 | 9.00 |
| Beef (family) bbl. | 14.50 | 14.50 | 28.00 | 20.00 |
| Pork (mess) bbl..... | 27.50 | 27.25 | 47.00 | 29.50 |
| Sugar (granulated) lb..... | .065@.07 | .065 | .23 | .08 |
| Coffee (No. 7 Rio) lb..... | .10 1/16 | .09 15/16 | .13¾ | .06½ |
| Butter (creamery, first) lb..... | .34@.36 | .34@.36 | .77 | .51½ |
| Eggs (fresh(first) doz..... | .27@.30 | .26@.29 | .89 | .42½ |
| TEXTILES— | | | | |
| Cotton (middling upland) lb..... | .2255 | .225 | .43¾ | .14½ |
| Print cloth (38-in. 64-60) yd..... | .08¾ | .085½ | .25 | .07½ |
| Silk (raw, Kansai No. 1) lb..... | 7.10@7.20 | 7.10@7.20 | 17.45 | 5.00 |
| Wool (fine Montana scoured) lb.... | 1.10@1.20 | 1.10@1.20 | 2.00 | .80 |
| METALS— | | | | |
| Steel billets (Pittsburgh) ton..... | 37.50 | 37.50 | 65.00 | 43.00 |
| Iron (No. 2 idry., Phila.) ton..... | 33.14 | 33.14 | 53.50 | 33.00 |
| Lead (spot) lb..... | .059 | .0585 | .09½ | .04½ |
| Copper (spot) lb..... | .37⅞ | .13⅞ | .19½ | .12½ |
| Tin (Straits) lb..... | .32 | .32 | .63¾ | .32 |
| RUBBER, HIDES, ETC.— | | | | |
| Rubber (rib-smoked sheets) lb..... | .13¾ | .13¾ | .54½ | .15½ |
| Hides (calfskins, city) 9 to 12 lbs... | 3.15@3.20 | 3.15@3.20 | 10.50 | 2.10 |
| Crude oil (Pennsylvania) bbl..... | 3.00 | 3.00 | 6.10 | 5.00 |
| Coal (furnace) ton..... | 19.00* | 19.00 | 15.75 | 14.50 |

*Quotation nominal.

The *New York Times* contains daily a somewhat similar chart giving a comparison between the prices of the previous day, the same day in the preceding week and the corresponding

day of the year previous. It also shows the high and low prices for the year to date.

The Monday editions of the morning newspapers usually contain a sum-

mary of the previous week's prices and comments and forecasts regarding their tendencies.

The accountant who wishes to keep in touch with the trend of prices in detail is well served by the United States Bureau of Labor Statistics in which are published each month the price variations of over 400 commodities.

A summary, by groups of commodities, of the information obtained by the Bureau is published monthly in

the *Financial Chronicle*. This summary does not give prices, but by the use of index numbers (considering the average price during the year 1913 as equivalent to the index number 100) a comparison is given which indicates the changes during the month, as well as during the twelve months period then ended.

The following taken from the *Financial Chronicle* of August 19th illustrates the comprehensive nature of the information furnished by the Bureau.

| | 1921 July | 1922 June | 1922 July |
|---------------------------------|--------------|--------------|--------------|
| Farm Products | 119 | 131 | 135 |
| Foods | 141 | 140 | 142 |
| Cloths and Clothing | 172 | 179 | 180 |
| Fuel and Lighting | 186 | 225 | 254 |
| Metals and Metal Products | 124 | 120 | 121 |
| Building Materials | 160 | 167 | 170 |
| Chemicals and Drugs | 129 | 122 | 121 |
| House Furnishing Goods | 180 | 176 | 173 |
| Miscellaneous | 123 | 114 | 114 |
| All Commodities | 141 | 150 | 155 |

Index Number of Wholesale Prices by Groups of Commodities (1913 = 100)

What has been said herein is not new and it would appear to be a work of supererogation to remind the accountant, and more particularly the auditor, that they should keep themselves well informed in the matter of commodity prices. Nevertheless there are many more accountants who have good intentions in that respect, than there are accountants who actually

devote the time and effort necessary to that end.

It might be well to remind those whose endeavors, towards the accumulation of a fund of useful knowledge of commodity prices, are more or less spasmodic, that just as truly as "the price of liberty is eternal vigilance," so the price of an adequate knowledge of commodities prices, is eternal study and observation.

Pluck wins! It always wins, though days be slow
And nights be dark 'twixt days that come and go.
Still, pluck will win; its average is sure;
He gains the prize who will the most endure;
Who faces issues; he who never shirks;
Who waits and watches, and who always works.

Stock Dividends

BY E. E. WAKEFIELD, JR.

(Boston Office)

THE question of the relation of stock dividends to Federal Taxes is very much in the minds of taxpayers and their advisers, both because of some recent decisions of the Treasury Department and also because of the many large stock dividends which have been declared in recent months, and the conjecture as to the precise reasons for declaring them. The writer wishes to state two questions which the readers of the JOURNAL have doubtless been considering. The answers to these questions in any final form can come only when the Supreme Court of the United States is asked to pass on them.

When is a Stock Dividend not a Stock Dividend?

In Internal Revenue Bulletin I-47, I. T. 1506, issued November 20, 1922, the Treasury announced a decision in which it is held that stock received by trustees as a stock dividend, but handed over to beneficiaries of the trust as part of income, was capital in so far as the trustees are concerned, but taxable income to the beneficiaries. Is this a sound interpretation of the "stock dividend decision?" Can that which is not income in the hands of the immediate recipients, that is, the trustees, be income when handed over to beneficiaries of the trust? Or, is the nature of the distribution in the form of a stock dividend so impressed on the stock that it remains, for tax purposes, capital, even when distributed by the trustees to the beneficiaries of the trust income? Or, is the Department right in holding that

when distributed to the beneficiaries, a stock dividend is merely property constituting income to the beneficiaries just as if it was cash? A further question arises—Should the beneficiaries be entitled to treat the stock dividend as dividend income not subject to the normal tax, or is it for them just like interest or any other class of income subject to both normal and surtax?

Is a Stock Dividend a Distribution in any Sense?

Many people are asking whether declaration of stock dividends may free corporations from the possible penalty tax of 25% under Section 220 of the Revenue Act of 1921. The question is answered both ways. Some contend that the capitalization of surplus through the stock dividend relieves the corporation from possible obligation under Section 220 to distribute earnings to the stockholders. Others contend that under the stock dividend decision there is no distribution and if the case is one to which Section 220 is applicable, declaration of the stock dividend has no mitigating effect, and the corporation would still remain subject to the special tax under Section 220.

The writer suggests that as Income Tax Procedure 1923 will doubtless be available about the time that these questions come to the attention of JOURNAL readers, the first thing to do in order to be posted on proper answers to the questions is to read whatever may be said about them in the new book.

The L. R. B. & M. Journal

Published by Lybrand, Ross Bros. and Montgomery, for free distribution to members and employees of the firm.

The purpose of this journal is to communicate to every member of the staff and office plans and accomplishments of the firm; to provide a medium for the exchange of suggestions and ideas for improvement; to encourage and maintain a proper spirit of co-operation and interest and to help in the solution of common problems.

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Income Tax Procedure—1923

The seventh annual edition of Colonel Montgomery's work on Income Tax Procedure is expected from the press about January 1st. Owing to the fact that no new income tax law has been enacted this year, it is possible to get out the book much earlier this year than heretofore. It will be remembered that last year the Treasury regulations for the administration of the 1921 Revenue Act, which act was not passed until November of that year, were not promulgated until about March 1, 1922. Income Tax Procedure 1922—included in which

were the text of the new regulations and comprehensive comment thereon by Colonel Montgomery—came from the press within a few days thereafter.

While no new law was enacted during 1922 numerous important court decisions and Treasury rulings were handed down during the year. The 1923 edition of Income Tax Procedure is therefore very timely. The following extracts from the publisher's (Ronald Press Co., New York) announcement of the new edition may be of interest to the members of our organization:

For six successive years—ever since 1917—Robert H. Montgomery has written his great volume Income Tax Procedure. In that time, the annual editions of this work have come to be recognized as *the standard authority on all income tax matters*.

Thousands of corporation executives, accountants, lawyers, and bankers use it every year, with a confidence which time fully justified in the absolute reliability of its instructions. Since its inception, nothing has been said in Montgomery that, except for improvements as suggested by experience, would not be said today—on practically no point of importance has the author's advice or procedure, even where at variance with official regulations existing at the time, been overruled by the government.

Upheld Repeatedly by Court Decisions

In the past, Mr. Montgomery has frequently disagreed with the Treasury Department's construction of the law. On such occasions, he has had no hesitancy in stating his position plainly and giving counsel accordingly. He has anticipated in his manual scores of new rulings and predicted changes in existing ones. *In the vast majority of the hundreds of cases involved, Mr. Montgomery's opinion has been upheld by court de-*

cisions or by subsequent reversal by the Treasury Department of the rulings in question.

Among more recent instances may be cited confirmation of his opinion, as expressed in previous editions, on the handling of stock dividends, on reservations for liabilities payable over a term of years, on the definition of business losses, on profits from the sale of stock rights, and on depletion allowed lessees.

Everything You Need to Know About Legal and Accounting Requirements

Mr. Montgomery explains every item in the preparation of income tax returns for individuals, corporations, and fiduciaries. His material is exceptionally well arranged for quick reference. He cites the law, section by section, and gives the corresponding Treasury Department regulations and rulings. He analyzes and interprets these rulings, digests related court decisions, and, on the basis of this material, shows you exactly how to prepare each item of your return.

Special Attention to Difficult Points

This work is more than a mechanical treatment—it is a volume of constructive policy. Every problem you are likely to encounter is explained from the legal and accounting viewpoints. Illustrative examples of difficult computations are worked out; doubtful and disputed points receive special attention; questions likely to be overlooked are brought out clearly.

Authority on the Preparation of Income Tax Returns

For years Robert H. Montgomery has made a special study of tax legislation. Today he stands as one of America's very highest authorities on income tax matters. He is a Certified Public Accountant; Attorney-at-law; member of the firm of Lybrand, Ross Bros. and Montgomery; Past President, American Association

of Public Accountants; President, New York State Society of Public Accountants; Professor of Accounting, Columbia University; author of "Auditing—Theory and Practice" and of "Income Tax Procedure," 1917-1923.

John Wanamaker

Some men become so identified with a community that one instinctively thinks of one when thinking of the other. No name has been more closely associated with Philadelphia's business world and in every movement for that city's welfare for more than half a century than that of John Wanamaker. Through his acquisition of the A. T. Stewart store a quarter of a century ago he also became one of New York's leading merchants.

John Wanamaker always stood for the highest ideals—whether in the business world where he elevated retail merchandising to a plane it had never previously occupied; whether in the field of politics where he could always be depended upon to support any movement making for betterment of civic conditions; whether in the religious world where he gave of the best in him and developed one of the largest Sunday Schools in the world; or whether in his personal life which was lived in a way to defy just criticism.

Mr. Wanamaker's decease on the 12th of this month takes not only from Philadelphia but from the nation one whose services and counsel were of the highest order.

The October and November, 1920, issues of the L. R. B. & M. JOURNAL contained an historical account of the Wanamaker stores in Philadelphia and New York. On another page of this issue of the JOURNAL we present an analysis by one of Mr. Wanamaker's business associates of the reasons for his great success.

OFFICE NOTES

BOSTON

On November 16, 1922, Mr. Sweet addressed the Accounting Group of the Business School Club, Harvard University, on the general subject of "Cost Accounting."

Irwin S. Decker who has been a member of our staff since September, 1916, with the exception of a period of about ten months, when he was in war service, has turned speculator. He leaves us to set up his own "shop." We regret his departure but extend our sincere wishes for success in every detail of his new practice.

We wish Mr. Gannett a speedy recovery from his recent attack of pneumonia. Naturally his recovery will be slow and so we do not expect him to return until the rush of business is well under way. As he was to be one of our tax specialists, he will be doubly missed.

Be it remembered that,—"the sweetness of all success is to save, the glory of all wealth is to give, the courage of the heart is to fight, and the strong brother shall lift the weak." That's the way we run these workings!

Another Brain Twister

Attention of Detroit Office

A man is twice as old as his wife was when he was as old as she is now. When she is as old as he is now the sum of their ages will be 100. What are their ages now?

Note: Answer to "Brain Twister," published in October issue—\$45.00.

How long did it take him?

Loud cheers from the linotyper and proofreader greeted the news from Ceylon that Nanayakkarakodakandearachchingie Harmanis de Silva Wijesekera had passed the matriculation

examination for the University of London.—*Springfield Union.*

Now that the football season has come to a close, we eagerly await the announcement of Mr. Martin's All-American team.

We have grown accustomed to high-brow names for previously ordinary occupations such as "laundress" for "wash lady" and "household assistant" for "hired girl." Quite the limit was attained recently, however, when David, the elevator man, characterized his profession as "inside aviator."

There is talk of a commission to examine Mr. Keller. Tho' a Harvard man and in New Haven the day of the Harvard-Yale game, and tho' provided with tickets, he failed to go out to the game on the plea that he had something more interesting to do.

Dartmouth beat Brown: great sorrow and much pulling of long faces by our two Brownies, Messrs. Sweet and Thompson. On the other hand, Gibson, Kittredge and Elwell of Dartmouth were spreading smiles.

| | | | |
|-------------------|----|-----------|---|
| Harvard | 10 | Yale | 3 |
| Yale | 21 | Brown | 0 |
| Brown | 3 | Harvard | 0 |
| Harvard | 12 | Dartmouth | 3 |
| Dartmouth | 7 | Brown | 0 |
| Who wins and why? | | | |

Place: Senior Staff Room.

Time: 12:30 P. M.

Cause: Approaching cash audit; seventh man required.

Assignment

Clerk: "There remains Harlow (220) or Martin (199)."

Senior: "It doesn't matter; The hands of either of them would cover 500 pennies."

DETROIT

Detroit Office staff sends hearty Christmas greetings to all members of the firm and to every member of our organization.

We have strengthened our staff by the addition of Mr. Robert H. Clancy, one of the best known and most popular alumnae of the University of Michigan. He graduated from the literary department and attended the law school of that University.

A New York clothing salesman was traveling in the South and arrived in a little town at which a prominent Ku Klux official was expected to arrive that day.

A delegation was at the depot to welcome the official, and as the salesman got off the train one of their number stepped up to him and said "Ku Klux?"—whereupon the New York salesman replied "No, Klux and suits."

C. J. Monahan is leaving us this month to accept a position with the General Motors Corporation. We wish him every success in his new field.

Figures don't lie—Statistics prove anything

A Dutchman working for a Scotchman asked for an increase in pay. The Scotchman replied: "If you are worth it I would be pleased to give it to you. Now, let us see what you do in a year.

| | |
|-----------------------------|----------|
| The year has | 365 days |
| You sleep 8 hours a day | |
| which equals | 122 " |
| This leaves | 243 " |
| You rest 8 hours a day.... | 122 " |
| This leaves | 121 " |
| There are 52 Sundays which | |
| which you take off..... | 52 " |
| This leaves | 69 " |
| You have half-day on Satur- | |
| day when you don't work | 26 " |
| This leaves | 43 days |

You are allowed 1½ hours
for lunch, making..... 28 "

This leaves 15 "

I give you two weeks' vaca-
tion 14 "

Which leaves only 1 "

I always give you New Year's Day off, so I ask you, are you entitled to a raise?" The Dutchman then answered, "Well, what in the dickens have I been doing then?"

We hope Williams did not think we were adding another initial to his name when the printer changed our "C" to a "U."

The ladies excuse is that they have been busy preparing for their Christmas swapping, so have not had time to contribute articles for this number.

CHICAGO

Lost, strayed or stolen—our Chicago correspondent. Has not been heard from since October issue of L. R. B. & M. JOURNAL went to press. Bears initials "C. H. H." and answers to pseudonym "Lord Ringner." Any one finding said correspondent and delivering him safely to the editor will receive a reward of one year's subscription to the L. R. B. & M. JOURNAL.

NEW YORK

The country not having been blessed (?) with a new revenue act and new regulations, the task of bringing out the 1923 edition of Colonel Montgomery's book has been very much easier than was the case last year. At the present writing. (December 12), Chief Printer's Devil Gates reports a net loss of only five pounds whereas in the previous annum his loss was about 20 per centum. Other members of the typing, proof-reading, checking and pasting staff have fared equally well and have actually become quite well acquainted with their families during the past few months. The nervous

systems of the editorial entourage may sometimes have been ruffled but so far they have escaped jangling. When interviewed today, Mr. Howard, who is personally responsible for seeing that the page-proof is personally conducted into the office and out again, fairly radiated with assurance that the last pages of the index would be out of the office by the 19th. If that hope is realized, the Ronald Press Company expect to have the book off the presses in the following week and ready for distribution on the first of the new year.

Mr. Stuart C. Ross, who has been on our staff for a number of years, has been appointed assistant to Mr. H. H. Dumbrell and will relieve him of a lot of the detail of his office, thereby allowing the latter to give undivided attention to more important work. We congratulate Mr. Ross on his appointment.

We are pleased to welcome Miss Margaret Burr who has lately joined our organization. Miss Burr will take charge of the Report and Stenographic Department.

The attention of our cost department is respectfully directed to the following which appeared in the *Evening Mail*. It indicates a commendable ability to learn from the example of others:

The Tailor's Revenge

In Tiffin, Ohio, there is a tailor who had a few garage repair bills. The other day the garage man had the tailor sew a button on. Next day he got this bill:

| | |
|--------------------------|--------|
| To sewing on button..... | \$0.15 |
| Thread | .03 |
| Button | .03 |
| Labor, ¼ hour..... | .30 |
| Removing old thread..... | .07 |
| Labor, ⅛ hour..... | .16 |
| Needle | .02 |
| Beeswax | .01 |
| Knotting thread | .02 |
| Labor, ⅙ hour..... | .20 |
| Total | \$1.01 |

BETTER LATE THAN NEVER!

(Notes re Hallowe'en)

(By a famous Scotch poet who is now a member of our New York Staff)

Now the ladies in the office had a party, Hallowe'en,
'Twas one of the nicest social affairs the office yet has seen;
There were twenty-seven present and they had a lovely time,
And we'll tell you all about it in a little bit of rhyme.

There were both the Misses Storey, and the girls who pound the keys,
The file room, the comparing room, and Miss "Excuseitplease."
And while the girls are quiet themselves, they wanted lots of noise,
So they invited Moss and Boughton and the two office boys.

There was every kind of favor and to get them sure was nice,
Unless you got the empty purse the button or the dice.
One lucky lady got a straw, but the luckiest girls of all
Were the ones who got the diamond ring, the money and the doll.

Someone got a peacock and it meant that they'd be vain,
And someone got a sleepy owl, and one an aeroplane;
And someone got a shoe for luck and another got a fan,
And the girl who got the thimble thought she'd never get a man.

Now everyone enjoyed themselves and there was lots of fun,
And the party lasted all through lunch from twelve to half past one;
The affair was so successful, that we'll finish up this rhyme,
By hoping for another one somewhere at Christmastime.

The Boston staff calls the attention of the New York office "Smile Club" to the following which appeared in the *Boston Transcript*:

"We must get a nurse for the baby."

"A nurse? What we need is a night watchman."

C. F. Griffis is again in the hospital for treatment necessitated by a recurrence of the trouble which it had been hoped was cured by an operation which he underwent some time ago. We hope that by Christmas he may again have left the hospital.

The New York State Society of Certified Public Accountants, of which Col. Montgomery is president at this time, has been holding a series of weekly meetings for the discussion of income tax questions. At the meeting of November 27th the obscure subject of Assessments, Appeals, Refunds and Abatements was discussed. Col. Montgomery made the introductory comments and was assisted by Mr. Staub in the answering of the many questions asked by the more than hundred members present.

Some one is apparently monkeying with the firm name. A short time ago an envelope was received, addressed to Mr. H. H. Lybrand Dumbrille, Ross Bros. & Montgomery.

The manager of the Purse Printing Co. of Chattanooga, Tenn., recently sent out broadcast a letter reading as follows:

One evening, recently, I was reading a book entitled "Auditing Theory and Practice." It is a new edition, written by a gentleman whose many years of successful practice have qualified him as an authority on the modern methods used in your profession.

The author—Mr. Robert H. Montgomery, of Lybrand, Ross Bros. & Montgomery, New York City—brought out, very clearly, the necessity for safeguard-

ing balance sheets. And I was glad to read that he endorses the use of paper that bears the auditor's individual watermark.

Mr. Montgomery has given me permission to quote him in this letter. So, on the next page, you will find his interesting statement—and also, certain facts that will be good news to those auditors who have thought that individually watermarked paper was too expensive for them to use.

An extract from page 365 of volume I of the third edition of Montgomery's *Auditing, Theory and Practice*, giving Colonel Montgomery's views on the use by accountants of watermarked paper accompanied the above quoted letter.

Mr. Bergman calls the editor's attention to the fact that the following dispatch in the *New York Tribune* of December 4th bears out the prediction in the November issue of the L. R. B. & M. JOURNAL:

Move for Capital Levy Beaten in Switzerland

LAUSANNE, Switzerland, Dec. 3 (By The Associated Press).—Switzerland today defeated the proposed law providing for a levy on capital for governmental purposes by a vote of about seven to one. Not a single canton gave a majority for the capital tax. The total vote cast was 730,000 against the levy and 108,000 in the affirmative. Even industrial centers, such as Neuchâtel, Geneva and Basle failed to cast the vote expected by the Socialists in favor of the measure.

The results of the referendum were received at Lausanne this evening amid great demonstrations. General strikes had been threatened in case the capital levy was defeated. The returns from the strictly farming districts show the peasants to be even more strongly against the proposed levy than the urban population.

Incidentally, Mr. Bergman's observation indicates that he reads the L. R. B. & M. JOURNAL observingly.

PHILADELPHIA

Inasmuch as the Declaration of Independence was drafted and signed in Philadelphia, our city has always felt

an especial responsibility for the proper celebration of recurring anniversaries of that historic event. Philadelphia's Centennial Exposition in 1876, which celebrated the conclusion of the first century of the existence of the United States as an independent nation, attracted world-wide attention. It furnished inspiration for later expositions of a like kind in our country, prominent among which were the World's Fair in Chicago in 1893 and the Louisiana Purchase Exposition in St. Louis in 1904. Incidentally it was in connection with the latter that the first national convention of public accountants was held in this country.

Philadelphia is already planning for the celebration in 1926 of 150 years of American Independence. *The Girard Letter*, a monthly publication of the Girard Trust Company, in an article on "The 150th Anniversary of the United States and its Connection with Philadelphia" gives much informing and interesting historical data concerning Philadelphia's contribution to the nation, some of which may not be known to all the readers of the L. R. B. & M. JOURNAL. The major portion of the article follows:

Independence belongs to all America, but its birth can be celebrated with propriety only in Philadelphia, because no other place in the United States has the history and qualifications for such a national event.

Here the Declaration of Independence was written. Here it was adopted by the Continental Congress. Here it was first publicly read.

During nearly the whole eight years of the Revolutionary War, waged to obtain independence, the seat of government was in Philadelphia.

Here Washington came to obtain his commission from the Congress to be the Commander-in-Chief of the American army.

This was the centre of supplies for the armies. In Philadelphia all the Continental funds were voted.

This was the home of that great financier Robert Morris, but for whose intelligence and zeal Washington's army on

more than one occasion would have been forced to disband.

Philadelphia was the home of Franklin, who more than all others combined, secured the aid of France in our War of Independence.

Here remains old Independence Hall itself and also Carpenter's Hall. In the latter the first Continental Congress met, and it was the forerunner of an independent nation. In Independence Hall met that Congress which debated, then framed, then adopted the Declaration of Independence.

In that Hall, the most historic of all American buildings, Congress sat after the war, and there gathered the Convention during the long summer of 1787 to write a Constitution for the newly created United States.

After a very brief sojourn elsewhere, hither came the first President of the United States, George Washington, and here he resided during his two terms.

Barring his own home in Virginia, Washington spent much more of his life in Philadelphia than at any other one place.

* * *

Here in Philadelphia was organized the Bank of North America, the first American bank, 141 years ago.

It was in Philadelphia that Alexander Hamilton planned the United States Bank and framed those statesmanlike measures which set our country firmly upon a solid financial foundation.

Here assembled the first United States Supreme Court in a building which remains exactly as it was 130 years ago.

Congress Hall also stands as it stood when its four walls echoed to the most frequently quoted phrase ever penned by any American:

"First in war, first in peace, first in the hearts of his countrymen"—part of the Congressional resolution adopted on the death of Washington.

By a strange fate the author of that phrase, but in not quite the words finally read by Mr. Lee, was afterwards the celebrated Chief Justice John Marshall who died in Philadelphia and for whom the old Liberty Bell was tolling when it cracked.

Washington thought so well of Philadelphia and its Bar that he sent his nephew, Bushrod Washington, who later became a Supreme Court Justice, to study law here with the celebrated James Wilson.

In Philadelphia was ordered and designed and made the first United States flag. The home of Betsy Ross who made it still stands just as when she sewed

together the original Stars and Stripes.

The first American warships were ordered in Philadelphia and from this place went out the commissions to such immortal Commanders as Paul Jones and Barry.

When the United States needed coins of its own manufacture, Philadelphia was selected as the site for its first mint and here today is the greatest mint in any country in the world.

* * *

These things all had to do in an official way with the beginning of our independent country. There were as many other and unofficial things of importance which began in Philadelphia.

By all odds the most important literary man and editor for a period of half a century dwelt here, Benjamin Franklin. Here was printed his "Way to Wealth," which has been reprinted oftener and translated into more different languages than any other American literary production.

Here was planned the Philadelphia Library, the first American public library. Here was seen the first American street light.

In this city was opened the Pennsylvania Hospital, the first American hospital, and it is still flourishing.

Here was organized the most famous American Society for culture, the American Philosophical Society, still in existence, a society which had such men as Franklin and Jefferson for President.

America's first insurance company, known popularly as the "Contributionship" began business here and it is still prospering.

Here the first American saving bank, the Philadelphia Saving Fund Society, opened its doors. It now has more depositors than any other in the United States.

Our country's oldest medical college is a part of the University of Pennsylvania. Here was one of the first law schools in the United States.

The oldest and largest school of pharmacy was established here.

The first homeopathic medical school, Hahnemann College, is in Philadelphia and so is the oldest medical college for women.

In chemistry and in chemical manufactures Philadelphia led the country and some of these old plants are now far greater than ever.

While locomotives were not first made in Philadelphia, Baldwin's at an early day became the largest locomotive builder and has remained so ever since. Long

ago it turned out its 50,000th locomotive, having made over 3,500 in one year.

Girard College property and endowments probably exceed in value that of any other in the world, the usual estimates placing it above \$50,000,000.

Philadelphia had the first life insurance company in America, the Pennsylvania Company.

The Insurance Company of North America in Philadelphia is also our country's oldest marine insurance company, and is still prospering so greatly as to require a new office building to accommodate its rapid growth.

* * *

In the field of industry so many things started in Philadelphia that it is difficult to enumerate them.

The first paper mill established in America was built on the upper Wissahickon, Philadelphia, by William Rittenhouse before the year 1700.

Christopher Sower published here the first Bible that came from an American press.

Isaac Macaulay turned out on Market Street, Philadelphia, the first American oil cloth.

John Belmont made the first piano in Philadelphia in 1775.

The first regular carpet factory in this city was established by William P. Sprague. Twenty years later the United States Census report showed that of the 10,000 yards of carpet then woven in this country annually 7,500 yards were made in this city.

Here was organized the first building and loan association and there are many more in Philadelphia today than in any other city, a potent factor in the system of home buying so long in vogue.

This city was a pioneer in the leather industry as also in the refining of sugar.

In the dental world no other city has quite kept pace with Philadelphia and it is the home of the S. S. White Dental Manufacturing Co., the greatest single dental products factory on earth.

Paint, white lead and chemicals generally were nourished here in their infancy and have grown great with the city.

Across the Schuylkill was flung the first river bridge seen in this country and in a few years there will be completed over the Delaware the greatest bridge in the world.

Philadelphia was the first American city to have a central plant for the distribution of water to the inhabitants.

The first public demonstration of the

telephone and the electric light was made here.

* * *

This is the headquarters of the Pennsylvania Railroad, the world's greatest railroad, and of the largest hat factory, rug factory, and carpet factory.

Philadelphia is the second port in the Union and one of the ten largest cities of the world.

It is often called the "most American City" because the percentage of native born Americans is larger than in the other great cities.

America's and for that matter the world's biggest municipal park is Fairmount in Philadelphia.

A greater percentage of homes are owned in Philadelphia by those who dwell in them than in any other city in the world of 2,000,000 population or over.

During the war, Philadelphia had at Hog Island the largest shipyard ever known.

Here is America's largest machine shop, Baldwin's at Eddystone.

One plant in Philadelphia, the J. G. Brill Co., builds many more street railway cars than any other in any country.

Of the three or four biggest oil refineries in the world one, the Atlantic Refining Co., is in this city.

Few things today enter more extensively in our daily life than electricity. The storage battery, or "canned" electricity, has in Philadelphia its most extensive maker, the Electric Storage Battery Co.

Philadelphia leads the world in the manufacture of stockings and underwear.

This city excels all others in the output of fine leathers for shoes and was the first in America to produce the glazed kid variety, in the factory of Robert H. Foerderer.

On the banks of the Delaware is Disston's the world greatest maker of saws.

Philadelphia is the only American city where a battleship can be built and launched and completely equipped, gunned and armored.

More ships are regularly built on the Delaware than on any other American water.

* * *

The oldest corporation in the United States and the second oldest in the Western Hemisphere is in Philadelphia. The Perot Malting Company is two and a quarter centuries old, the Hudson's Bay Company of Canada being the only older institution.

The centenary Association which comprises only those concerns which have remained in the control of one family for

more than 100 years has as many members from the Philadelphia district as the rest of the United States combined—a fact significant of the extraordinary solidity of business in this community.

The first international world's fair seen in America was the Philadelphia Centennial of 1876.

When the Declaration of Independence was written in Philadelphia this country's whole population was three millions, about the number of the inhabitants of Philadelphia and its environs today.

Ours is the oldest existing republic and when it began was the only one on earth.

Today all the two Americas except Canada, about half the population of Asia, and three-quarters of the population of Europe, including Russia, are republican.

WASHINGTON

At one time during the past month Mr. Haynes threatened to call on the Philadelphia office to loan him the kind of lawyer that is supposed to flourish in that particular city. He seemed to feel that no one else would be up to keeping his engagements straight. No sooner would he get four or five conferences a day all nicely scheduled than along would come a long-distance telephone call, or a frantic telegram, wanting them all switched into 1923 or some less-distant point. Usually this would be a mere incident in the day's work, but just now it takes all the eloquence of Mr. Haynes' vocabulary to persuade the Department that such a transfer is possible. In this connection, be it understood that the Department is working on 1917—only the most consummate optimist makes bold to ask about any other year. The place is working at terrific tension—every one tells you so no matter what section you visit. If they keep it up much longer some day they may get out those letters which have been being typed since the first of November!

Chicago holds the record at the present time for refunds. From the way refunds originate in the Chicago

office, the West was slow about understanding the various tax laws. We are glad, however, the Chicago office is showing the way. The Detroit office, also, seems to have the "refund fever."

The conferees in the Department have been given broader powers. Their instructions are to make decisions and close cases. While the Department is in the mood, the Washington office is not letting any grass grow under its feet. The motto is, *Get your Case ready!*

Incidentally, no recent inquiries have been received from either Colonel Montgomery or Mr. Staub about closed cases.

If anyone hears a report that the Washington office tried to make it hot for a certain distinguished visitor from New Jersey, by name Judge Haight, we desire to state that there was nothing personal in the affair. The radiator absolutely refused to be turned off—and the weather kept getting hotter and hotter. The radiator has now being taken out and renovated and no further heat waves are anticipated!

The Washington office has noted Mr. Fitz Gerald's remarks about Mr. Haynes' golf oratory. Mr. Haynes does not deny the allegation, but accepts the challenge. Mr. FitzGerald, so Mr. Haynes says, can give him twenty of the choicest golf terms per hole—and when the 18th hole has been played—well, it wouldn't be worth while to count the score. We take off our hat to Mr. FitzGerald—the prize is awarded to him.

We look forward with pleasure to Colonel Montgomery's next appearance

before a Congressional Committee. Since, however, the turnover in Congress now exceeds that in the Internal Revenue Bureau, it is possible that we shall have a new Congress by the time he makes his next appearance. By then, maybe there will be a kind feeling, and members will feel indebted to the Colonel for their seats.

John Wanamaker, Merchant

(Continued from page 10)

of the record catch the whole boat load had made last year, I think it was 128. And I went after that record. I kept on until I landed 148, and it was midnight before we reached home, bringing with us the 1,391 pounds of fish that furnished happy meals for many a day for the fishermen and their families." And Mr. Wanamaker added: "There is nothing like going after records and beating them."

26. He gave and received. Above even most great men he knew and practiced the law of life: give and ye shall receive. He gave his all to the world. And he received almost all that the world has to give. Not empty honors. Not office. Not great pecuniary reward. But the good-will of the people that enabled him to build a business unique in the world.

27. He gave service to mankind. He ennobled service. He dignified labor. He made business a profession equal to any other profession.

28. He gave reverence and worship to his Maker. Acknowledging all his long life the source of his power as coming from God, he revered and worshipped everything that comes from God. Sunday, too, was a work day for him—in the church and Sunday school—and week days were as sacred in his business as Sundays.

